Who turned their back on the SPD? Electoral disaffection with the German Social Democratic Party and the Hartz reforms

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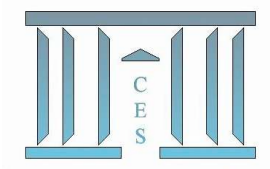

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Who turned their back on the SPD?

Electoral disaffection with the German Social Democratic Party and the *Hartz* reforms

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Abstract: *This paper proposes an empirical analysis of the declining support for the German Social Democratic Party (SPD) during Schröder government's second term of office, which was marked by major reforms in the fields of unemployment insurance and labour market policy (Hartz reforms). Drawing on a panel of West Germans, we provide evidence that this disaffection was strongly related to a worker's occupation and that it involved electoral backlash from core blue-collar constituencies of the SPD. In comparison, the impact of other socio-economic characteristics such as the labour market status or the income was less pronounced. We further show that discontent grew stronger among occupations where the risk of unemployment was more prevalent. This suggests that opposition to specific measures that weakened status-securing principles of the unemployment insurance substantially drove electoral disaffection with the SPD during this period.*

Keywords: political economy, economics of voting, social policy preferences, unemployment insurance, social-democracy, Germany

JEL Codes: P16, J65, D72

Qui s'est détourné du SPD ?

Le déclin électoral du parti social-démocrate allemand et les lois *Hartz*

Résumé: *Cet article propose une analyse empirique du déclin dans le soutien au parti social-démocrate allemand (SPD) pendant le second mandat du gouvernement Schröder, marqué par la mise en œuvre de réformes majeures dans le champ de l'assurance chômage et des politiques de l'emploi (réformes Hartz). En exploitant les données d'un panel d'Allemands de l'Ouest, nous montrons que ce déclin est fortement lié à la profession et qu'il s'est traduit par un recul prononcé du soutien émanant de l'électorat ouvrier traditionnel du SPD. En comparaison, l'impact d'autres facteurs socio-économiques tels que le statut dans l'emploi ou le revenu sont plus marginaux. Nous montrons par ailleurs que le mécontentement a été plus fort parmi les professions où le risque de chômage est plus élevé. Ces résultats suggèrent que l'opposition à certaines mesures qui ont affaibli les principes de sécurisation du statut au cœur du système d'indemnisation explique une part substantielle de la perte de popularité enregistrée par le SPD pendant cette période.*

Mots-clés: économie politique, économie du vote, préférences pour les politiques sociales, assurance chômage, social-démocratie, Allemagne

JEL Codes: P16, J65, D72

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1. Introduction

Traditional partisanship approaches in political economy expect leftist governments to oppose welfare state retrenchment, in order to satisfy the strong preferences for welfare policies of their constituencies (Korpi and Palme, 2003). However, this argument has been challenged by recent contributions that emphasise the emergence of an insider-outsider cleavage within the labour force since the 1980's. According to this thesis, the rise in the share of workers with atypical contracts (outsiders) has exacerbated distributional conflicts between workers, and eventually weakened the support for welfare policies. Conflicts pertaining to unemployment insurance (UI) are expected to be particularly salient, as workers in standard employment (insiders) disproportionally contribute to its funding, whereas they are already insured against unemployment by the high employment protection associated with their status (Saint-Paul, 1996, 2000; Rueda 2005, 2007).

In this paper, we argue that the insider-outsider cleavage does not play a crucial role in shaping individual preferences for welfare state retrenchment. Indeed, numerous factors can prevent the insider-outsider cleavage from becoming politically relevant. First, outsiders will not differ from insiders if they expect to become insiders themselves (Emmenegger, 2009) or if they share the advantages of secure employment through their marital status (Pierson, 2001). Furthermore, the employment legislation does not fully protect insiders against lay-offs. It is therefore likely that insiders working in declining industries should also support generous unemployment policies. In this regard, occupation can be considered as a better predictor of unemployment prospects than labour market status (Häusermann and Schwander, 2012). The importance of occupational unemployment rates in shaping social policy preferences is indeed well established (Iversen and Soskice, 2001; Cusack *et al.*, 2006; Rehm, 2009, 2011).

To back our argument, we investigate the attitudes of a panel of West Germans toward the so-called Hartz reform, a major and emblematic reform of the German public UI (2003-2005). This reform generated a great deal of attention from both public and academic circles, as it involved a deep recalibration of and significant cuts in unemployment benefits. The fact that it was promoted by the leftist Social Democratic Party (SPD) was also a noticeable feature of the reform. Drawing on comprehensive information from the Socio-Economic Panel (SOEP),

we analyse the socio-economic determinants that drive individual preferences for the reform, identified by the variation in the support for the SPD during its implementation.

Our empirical results differ from important claims of the literature building on the insider-outsider cleavage. First, we do not find significant political discrepancies between insiders and outsiders in their support for the reform. In particular, workers in open-ended contracts were equally opposed to the reform as workers in atypical employment. Besides, we find the support for the reform to strongly vary with a worker's occupation; we provide evidence that this is because occupational unemployment rates shape preferences for the reform. Second, we find that skilled blue-collar workers were especially reluctant to the reform, although they were traditionally a strong constituency of the SPD. This challenges the view under which the design of the Hartz reform broadly preserved the core interests of insiders from the manufacturing sector (Clegg, 2007; Palier and Thelen, 2010). On the contrary, this indicates that the Hartz reform was detrimental to them, in particular because it weakened former status-securing principles of the German UI (such as narrow criteria for job suitability and earnings-related benefits for long-term unemployed). This result contributes to the literature on welfare state reform, as it suggests that the Hartz reform was an episode of partial liberalisation (Streeck, 2009, pp. 61-65) rather than one of welfare state dualisation (Palier and Martin, 2008; Palier, 2010; Emmenegger *et al.*, 2012).

This paper is organised as follows. Next section quickly reviews the main contributions of the literature building on the insider-outsider cleavage. Section 3 details the major features of the Hartz reform and outlines its political context. Section 4 presents the data and the estimation strategy. Section 5 analyses the main results, while robustness checks and secondary results are presented in Section 6. Last section concludes.

2. Unemployment insurance reform and the insider-outsider cleavage

In its original formulation, the insider-outsider theory has primarily focused on the role of labour turnover costs in the wage bargaining process (Lindbeck and Snower, 1989). Nonetheless, this terminology has been increasingly used in the recent political economy literature to oppose workers in standard employment to those unemployed or in atypical employment. Atypical employment includes various employment relationships, such as part-time work, fixed-term contracts and agency work. These atypical contracts have been

gradually introduced since the 1980s, or equivalently their use by employers has been eased. The increase of the share of atypical jobs in the labour force was a salient feature of recent labour markets trends in Europe (on Germany see Eichhorst and Marx, 2011).

In this section, we briefly present two strands of literature that analyse the insider-outsider cleavage as a core determinant of recent UI reforms: firstly, the insider-outsider politics thesis that studies how the labour market status might shape individual preferences for UI; secondly, the welfare dualisation thesis that emphasises the role of political meta-actors such as unions in recent episodes of welfare state retrenchment in Europe.

2.1. The insider-outsider politics thesis

Departing from the literature that emphasises the importance of income in shaping welfare policy preferences (Meltzer and Richard, 1981), many studies actually suggest that the insurance motive fundamentally drives the political attitudes toward social protection (Wright, 1986; Moene and Wallerstein, 2001; Iversen and Soskice, 2001). In this framework, workers primarily perceive social protection as a way to maintain their income in the event of job loss (unemployment, sickness, retirement…). This might be particularly relevant in the case of UI, where most benefits are earnings-related and therefore perform horizontal (from high-risk toward low-risk individuals) rather than vertical redistribution (from poor toward rich people). The workers' exposure to unemployment thus appears as an important determinant of preferences for unemployment benefits. In line with this framework, proponents of the insider-outsider politics thesis define the labour market status as the prominent factor influencing one's unemployment risk, and in turn in shaping one's preferences for UI (Saint-Paul, 1996, 2000; Rueda 2005, 2007).

According to David Rueda (2005), insiders have broadly become insulated from unemployment in two ways. First, they benefit from the strong employment protection legislation (EPL) associated with open-ended full-time positions. Furthermore, they have become less exposed to business cycles, because outsiders act as a buffer in case of economic downturns. Indeed, the latter are not covered by equivalently strong EPL, with regard to redundancies costs or legal limitations of lay-off for instance. Insiders and outsiders should therefore have conflicting views about job security regulation and labour market policy. On the one hand, insiders want to preserve the EPL associated with their status, while outsiders

conceive strong EPL as a barrier to their entry on the labour market. On the other hand, insiders want to contain UI expenditures because they disproportionally contribute to their funding, while outsiders support generous unemployment benefits as they experience frequent unemployment spells. This cleavage appears especially problematic for social democratic parties, as they are facing with antagonist demands from their traditional constituencies. Nevertheless, Rueda claims that they will prioritise insiders' over outsiders' demands, because of the electoral and institutional weight of the former. In that respect, left parties should support UI retrenchment in a context of increasing fiscal pressure and/or international competition.

While Emmenegger (2009) has questioned the validity of the insider-outsider cleavage with respect to individual preferences for job security regulation, we focus in this paper on the determinants of preferences for unemployment benefits, drawing on some of his arguments. We distinguish between two sets of reasons that should lead insiders and outsiders to have comparable preferences for unemployment benefits. First, we argue that the labour market status is often not a stable characteristic of workers; forward-looking individuals might therefore consider that it only marginally contributes to their unemployment risk. Fixed-term contracts, for instance, are extensively used by employers to screen young workers and will eventually lead to an insider status (Blanchard and Landier, 2002). On the contrary, permanent contract does not entirely prevent from being made redundant; insiders in declining industries should reasonably fear about their job security, even if they enjoy strong EPL. Second, there are strong obstacles that impede the rise of an autonomous political demand from outsiders; the fact that the outsider status is transitory for many workers implies that they might not be able to collectively organise around their specific interests; moreover, many outsiders are economically dependent on an insider partner or parent, and are thus prompt to support insiders' interests (Pierson 2001, p. 448). This might be particularly relevant in "conservative" European countries like Germany where atypical employment essentially results from female employment in a traditional breadwinner family model (Giesecke, 2009).

By many aspects, the occupational status appears as a more stable and better predictor of a worker's exposure to unemployment than the labour market status (Häusermann and Schwander, 2012). Because they are based on skills that are hard to acquire and not easily transferable, there is indeed low mobility between occupational groups. Furthermore, the

occupation is an important determinant of a worker's unemployment risk, as job scarcity, technical change and/or outsourcing should similarly affect workers with comparable sets of skills. Finally, there is a strong social identity attached to occupations, as trade unions have been traditionally organised around them. This implies that individuals working in the same occupation are likely to share similar social policy preferences. Recent contributions have indeed found occupational unemployment rates to be a strong predictor of welfare policy preferences for redistribution (Cusack *et al.*, 2006; Rehm, 2009) and for UI generosity (Rehm, 2011).

2.2. The welfare state dualisation thesis

Drawing on an industrial relations perspective, the welfare state dualisation thesis also emphasises the role of the insider-outsider cleavage in recent UI reforms (Palier and Martin, 2008; Palier, 2010; Emmenegger *et al.*, 2012). This literature builds on the assumption that unions are key players in the welfare state retrenchment process, particularly in European countries with Bismarckian welfare states where social partners are directly involved in the administration of social protection regimes. In this framework, unions will oppose reforms that jeopardise insiders' interests, because these workers constitute their core clientele. However, they will support cost containment reforms targeted at outsiders, to guarantee the financial sustainability of social protection regimes without further increase in social contributions. In the case of labour market policy, this "dualised" reform path implies that outsiders were *de facto* excluded of UI schemes through stricter eligibility requirements and shorter compensation duration; in parallel, new schemes of flat-rate means-tested social assistance were introduced, but only offering a minimal safety net for outsiders (Clegg, 2007; Palier and Thelen, 2010).

A questionable claim, though, is whether this reform trend only marginally affects insiders, and especially workers from the manufacturing sector, by whom unions' membership rates are the highest. It is indeed the case that workers with long and unbroken work history will still receive generous unemployment benefits, would they become unemployed. But this reform pattern also challenges former status-securing features of the UI that insiders were the only ones to enjoy. By reducing the compensation duration and levelling down the generosity of the social assistance received after benefit exhaustion, it increases the threat of social decline in case of prolonged unemployment. Contra Palier and Thelen (2010, p. 136), we

argue that this evolution is particularly problematic for skilled blue-collar workers. First, the unemployment risk of these workers is far from negligible, in a general economic context of deindustrialisation. Moreover, they have a low probability of finding an equivalent job in terms of income after a dismissal. This type of workers are indeed characterised by the fact that they own specific skills, which are not easily transferable from one job to another. Hence, this group should have high preferences for status-securing benefits, because they are looking to insure their specific asset (Iversen and Soskice, 2001).

3. The Hartz reform

3.1. A reform targeted at outsiders?

The Hartz reform consisted of four packages of measures spread from 2003 to 2005, during the second term of office of the SPD-Green coalition. They entailed substantial changes in various areas of the unemployment policy, such as the creation of single gateways for the benefit and employment administrations, the development of new training programmes or the introduction of government-sponsored jobs (the infamous *Ein-Euro-Jobs*). Hartz IV, passed in December 2003 and implemented in January 2005, was the most controversial and high profile of these packages. Prior to Hartz IV, there were three benefits schemes for unemployed; unemployed filling the eligibility requirements in terms of past contributions were entitled to earnings-related benefits from the unemployment insurance; once their rights were exhausted, they could still enjoy earnings-related benefits from the unemployment assistance (at a lower replacement rate though), virtually for an unlimited period of time; only unemployed without entitlements to UI benefits had to rely on flat-rate means-tested social assistance. Hence, the underpinning logic of this system was mainly one of occupational status maintenance that secured workers' standard of living, a typical trait of "conservative" welfare states (Esping-Andersen, 1999). Their status was also protected through narrow criteria for work suitability, as unemployed in these schemes were not obliged to accept jobs under conventional wages.

While the German UI has therefore been traditionally "dualised", in the sense that only insiders with long contribution records were entitled to generous benefits, it is not obvious that the Hartz reform increased this dual character (as already observed by Anke Hassel, see Stephens *et al.*, 2012, p. 97). Some features were arguably especially detrimental to workers

experiencing frequent spells of unemployment. The necessary contributions for UI benefits were now calculated on the 2 years preceding dismissal (3 years before), strengthening the eligibility requirements. Unemployment assistance was merged with social assistance into a new flat-rate means-tested benefit, which implied significant benefit cuts for about two thirds of the unemployed that formerly depended on these schemes (Goebel and Richter, 2012). This suggests that one third of the beneficiaries were better-off after the reform, but their monetary gains were marginal in comparison. Furthermore, their situation worsened as criteria of work suitability were strengthened and sanctions in case of job refusal were increased. Beside, this reform also broke with status-securing principles constitutive of the German UI and therefore harmed better-off workers, as we argue. The maximum compensation duration for old unemployed with long contribution records was reduced to 18 months, whereas it was of 36 months before, a feature that was extensively used as a bridge to early retirement (Trampusch, 2005). The standard of living of middle and high-income groups was also no longer guaranteed by earnings-related benefits in case of prolonged unemployment. The new assistance scheme did not preserve them from social decline either, as references to conventional wages were removed from the criteria of work suitability.

3.2. Political context

The Hartz reform was implemented during the second term of office of the SPD-Green coalition, which was re-elected in September 2002. At this time, the situation on the labour market was highly problematic, the unemployment rate having reached its highest peak since the reunification. It was also a salient issue in public eyes because the fight against unemployment had already been a prominent theme in the first campaign of Chancellor Gerhard Schröder. Moreover, the government had to deal with financial pressures at the federal and local level (Streeck and Trampusch, 2005; Hassel and Schiller, 2010*a*, *b*). While these external constraints increased incentives for the government to take action, the Hartz reform was also part of a deliberate 'Third Way' strategy from the SPD. Welfare state retrenchment was an essential feature of this programmatic shift, a view endorsed by Schröder himself in the Blair-Schröder manifesto of 1999. The rationale underpinning this strategy was to enhance the support among middle-class voters, expecting these electoral gains to outweigh the losses by traditional constituencies of the SPD. The absence of a credible left competitor in the first place also reinforced the attractiveness of such a strategy, as the SPD could expect to minimise its losses among disappointed voters (Picot, 2009). However, this electoral

strategy did not prove to be successful for the SPD. It suffered its worst electoral outcomes since the post-war years in subsequent elections, notably because part of its members withdrew from the SPD to create a new left wing party (*Die Linke*) that could capitalise on the reform opponents' vote. Furthermore, the reform remained a controversial legacy for the SPD, as the benefits calculation rule for social assistance was eventually declared unconstitutional by the German Federal Constitutional Court in 2010.

Although the unions' umbrella association was publicly critical of the reform, some authors put forward their ambiguity during the legislative process, suggesting that the reform highlighted potential divisions within and between unions (Carlin and Soskice, 2009; Palier and Thelen, 2010). Threats of general strikes were indeed rapidly abandoned and most of the demonstrations that took place during the legislative process involved civil society actors (especially unemployed support groups in East Germany). But the absence of radical opposition from the unions needs also to be nuanced as German industrial relations are traditionally built on consensus. It is therefore not obvious that they had the organisational resources to set up massive protests against the government, in particular against their historical partner. Eventually, opposition from the unions took other forms, as part of their members became active founder of *Die Linke* (Hassel and Schiller, 2010*a*, p. 98).

4. Empirical analysis

4.1. The partisanship variable

Treating the Hartz reform as a quasi-experiment, this paper investigates individual attitudes toward UI reforms, identified by the variation in the support for the SPD during the reform implementation. To that end, we use the longitudinal German Socio-Economic Panel (SOEP) in our empirical analysis. This panel gives us information on various characteristics at the individual level: in particular, it allows us to explore which socio-economic dimension, labour market status or occupation, best explain the support for (or the opposition to) the reform. More critically, it also provides us with information on party identification, the dependent variable in our regressions. This partisanship variable is based upon two subsequent questions. In a first step, respondents are being asked:

'Many people in Germany are inclined to a certain political party, although from time to time they vote for another political party. What about you: Are you inclined — generally speaking — to a particular party?'

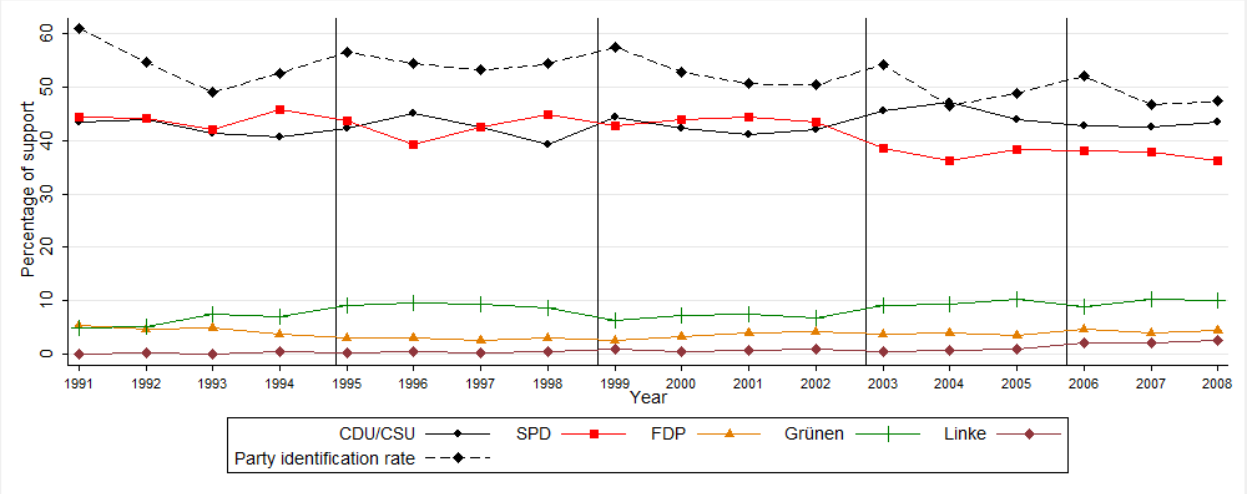
Then in a second step, they indicate which party they support (if they answered positively to the first question). The wording of the first question emphasises the duration of the attachment to a particular party. The partisanship variable is therefore likely to reflect overall agreement with the main political orientations of this party.[2] It is especially relevant for our estimation strategy: the reform was indeed the cornerstone of a major shift in the political agenda of the SPD, so that we expect a decline in the identification with the SPD from people who oppose the reform. On the contrary, this partisanship variable should not capture the influence of transitory factors, such as the charisma of party leaders or minor deviations from a party's political agenda. Thus, it provides a better measure of preferences for the reform than a classic indicator of voting intentions.

Figure 1 displays some descriptive statistics about the evolution of this partisanship variable over time for West Germans of voting age. For every year, it depicts the respective proportion of supporters of each of the five major parties (among individuals who declared a party inclination). As stated earlier, our variable should not be confused with voting intentions; this is why it does not reflect actual votes at the time of Federal elections (the vertical lines in Figure 1). This figure shows that smaller parties typically have a small share of loyal supporters among their voters, as the proportion of the former is always way below the scores they achieved in Federal Elections. Conversely, the two major parties have a relative higher share of loyal supporters compared to the votes they receive in Federal Election. Of particular interest in Figure 1 is the substantial decline in SPD support during the second term of the coalition (2003-2005), with its three worst scores since 1991, a drop we ascribe to the implementation of the Hartz reform. The fact that we do not observe an equivalent drop in the support for the Green Party indicates that the SPD was largely held responsible for the reform. This is in line with the fact that this party played the leading role in public eyes: the Chancellor took publicly credit for it and legislative work was subordinated to the Ministry of

[2] The stability of the partisanship for the two major parties (SPD and CDU/CSU) is indeed important. Using SOEP's longitudinal design, Zuckerman and Kroh (2006, p. 73) notably show that most people do not deviate from one major party to another, only 7% of the respondents doing so on a 10 years period (prior to the implementation of the Hartz reform).

Work and Economy and the Ministry of Finance, affiliated to the SPD as well. This is also why we choose to focus on the evolution of the support for the SPD in our regressions.[3]

Figure 1 Evolution of the support for the main political parties in West Germany (1991-2008)



Sample: SOEP, West German citizens, adult population. Author's calculations.

Finally, Figure 1 displays the share of respondents that declare party identification (dashed line), whatever this party is. Again, it does not reflect actual turnout rates at Federal Elections (about 80% over this period in West Germany), as the partisanship variable presumes a stronger attachment to a party than voting intentions. The overall support tends to be cyclical and increases around every Federal Elections, electoral campaigns typically rising the immediate interest for politics. Worth noticing is also the relative lower rates of party identification during the reform implementation. While it arguably reflects the contemporary drop in SPD support, we cannot exclude that other parties also lost supporters in the reform process.[4] This point is discussed more thoroughly in the results section.

4.2. Estimation strategy

Our main sample of interest covers a period from the first Federal election after German Reunification (December 1990) to the end of the second term of the SPD-Green coalition

[3] Note that our main results remain when we analyse the variation in the cumulated support for the two parties that were in power (see Table A1.5 in Appendix 5).

[4] The right-wing CDU had a majority in the Federal Council (*Bundesrat*) during the reform implementation, but did not use its veto power and might therefore also have been held responsible for the reform.

(September 2005).[5] We only consider the active population from the private sector in our regressions, as we focus in this paper on the relationship between preferences for the Hartz reform and the unemployment risk attached to one's labour market status or occupation. Thus, our sample does not include inactive people and workers from the public sector. While the latter are almost fully protected against redundancy by their status, there are concerns that other factors might drive their political preferences for the reform. In particular, one could argue that civil servants might be worried about the decrease of the public sphere of influence induced by this episode of welfare state retrenchment.[6]

The support for the reform is identified by the variation in the support for the SPD during its implementation, using a dummy that takes the value one from March 2003 to September 2005, and zero otherwise. We choose this time span in order to isolate the political impact of the most controversial features of the reform.[7] The lower bound corresponds to the *Agenda 2010* speech by Chancellor Schröder, who publicly announced that the reform would also result in strong cuts in UI benefits duration and in unemployment assistance level. While the eventuality of merging unemployment and social assistance had already been discussed by the Hartz Commission, this was the first time that such drastic cuts were officially brought to public attention by the government (Hassel and Schiller, 2010*a*, p. 105). We do not consider the period subsequent to the 2005 Federal Election, as the agreement to a coalition with the right-wing CDU might also have altered the public perception of the SPD. Still, it is highly plausible that the low rates of support for the SPD after the reform reflect its long-lasting political effect (Figure 1).

We limit our analysis to West German voters because our estimation strategy is not suitable for East Germans. While we rely on the variation in SPD partisanship to identify which social

[5] The SOEP actually starts in 1984 but we restrict our sample to the post-reunification area in order to prevent political considerations about the reunification process to interfere with our results. Our main results hold with an extended sample (1984-2005, available upon request). See below the results for a shorter time span (1998-2005).

[6] We actually find public servants to have been significantly opposed to the reform (result not displayed here, available upon request). This comes in contradiction with Rueda (2005), where civil servants are classified as insiders and are thus expected to support UI reforms.

[7] The first two packages of the Hartz reform had already been voted at the end of 2002, but mainly implied administrative restructuring of the employment public service, a feature that we do not expect to be highly salient or controversial. Also note that we rule out the possibility that part of the variation we observe can be ascribed to long-standing effect of the 2001 "*Riester*" pension reform, another high-profile reform from the SPD, because it did not have a substantial political impact in the first place, as one can see from Figure 1.

groups were the most reluctant to the reform, it is likely that a large number of its potential opponents in East Germany were long-term supporters of the leftist PDS (the successor of the former Communist Party): indeed, the PDS and the SPD had very similar levels of support among East Germans prior to the reform, according to our partisanship variable (see Figure A1.1 in Appendix 6). This might in turn blur our results, as the variation in the SPD support would not be substantial enough to correctly identify which group defected during the reform implementation.[8] We do not have similar concerns in the case of West Germany: the Green Party apart, there was not an equivalent left competitor for the SPD during our period of analysis (the radical left party *Die Linke* was only founded short before the 2005 Federal Election).

4.3. Model and main explanatory variables

We estimate Heckman Probit Selection Models in our regressions in order to address the two-step design of our dependent variable. Indeed, we only observe identification with the SPD for individuals who first acknowledge an inclination toward a political party, whereas these two outcomes are not necessarily independent. There are concerns that individuals with a party identification (with the SPD or any other party) are selected on unobservable characteristics, what could in turn bias our estimates if we used a simple Probit model. The Heckman Probit Selection Model takes into account the possibility that the error terms of the two equations are jointly distributed. A correlation factor (rho-statistic) is then estimated that indicates the strength of the relationship between both dependent variables. Formally, we estimate the following system of two equations:

$$\begin{cases} Y_i = \alpha.Hartz_i + \beta.Status_i + \gamma.Hartz_i.Status_i + \delta.Occup_i + \theta.Hartz_i.Occup_i + \varphi.X_i + \varepsilon_i \\ Y_i' = \alpha'.Hartz_i + \beta'.Status_i + \gamma'.Hartz_i.Status_i + \delta'.Occup_i + \theta'.Hartz_i.Occup_i + \varphi.X_i' + \varepsilon_i' \end{cases}$$

Where Y' represents the (latent) propensity to support any political party and Y the (latent) propensity to support the SPD. Socio-economic characteristics depicting the individual's labour market status ($Status$) and occupation ($Occup$) are then introduced in the right hand

[8] We present regression results of our main models for the East German population in Table A1.8 (Appendix 5). The results are mostly inconclusive, as expected. Only unemployed seem to have been particularly reluctant to the reform according to these tables. This is consistent with the fact that East German unemployed support groups opposed a strong resistance to the reform, notably through the revival of the *Montagsdemo*, a reference to the demonstrations against the Communist regime at the end of the 1980s.

side of our regressions and interacted with the $Hartz$ dummy to examine possible political discrepancies during the implementation of the reform.[9] X and X' represent vectors of controls, where some of them are only included in X' in order to meet exclusion restriction requirements.

Five broad categories are defined for the labour market status: unemployment, atypical employment, full-time permanent employment, regular part-time employment (open-ended) and self-employment. The atypical employment category includes all individuals working in a fixed-term contracts (part- or full-time) and agency work. It also includes workers in Mini-Jobs, a precarious form of contracts for low-paid, mostly part-time, employment, which does not give entitlements to UI benefits. With regard to the insider-outsider literature, the atypical employment and unemployed categories are outsiders' groups, individuals in full-time permanent employment being the insiders (and the reference category), and self-employed an "upscale" group with very low preferences for UI (Rueda, 2005). We define a distinct category for regular part-time employment (open-ended), because this is a historically stable form of employment in Germany related to a traditional breadwinner family model, and should therefore be distinguished from atypical employment.

For the occupation, we use detailed self-reported information (11 categories) that we merge into six categories: skilled and unskilled blue-collar workers (BC workers), skilled and unskilled white-collar workers (WC workers) and managers/executives; the last category again includes self-employed, as it characterises both a labour market status and an occupation. Unskilled occupations are defined as occupations which do not necessitate qualification or extensive on-the-job training, contrary to skilled occupations that necessitate qualification or vocational training.[10] The skilled BC workers' category is defined as the reference category in our regressions because it is one of the most numerous classes. Moreover, they have a central position in the German political economy. They were a core element of the social pact in the post-war years and the inheritance of specific political resources give them a disproportionate weight in the political sphere, in particular because they are strongly unionised. In this view, this category is often considered as the typical

[9] Some authors (Ai and Norton, 2003; Norton *et al.*, 2004) argue that this linear approximation can lead to errors in the sign and statistical significance of the interaction terms. Building on their methodology, we have computed marginal effects for our interaction terms but we did not find any substantial difference with our results (see Table A1.4 in Appendix 4).

[10] See Appendix 1 for the exact definition of the 11 occupational classes.

insiders within the German model by proponents of the welfare dualisation thesis (Palier and Thelen, 2010).

4.4. Additional controls

Beside the labour market status and the occupation, we introduce standard demographic controls (age, sex) in the SPD support equation. We also control for the household pre-tax income, a classic determinant of political polarisation. Furthermore, we include a dummy for unions' membership, which measures the degree of working class consciousness. It is likely to increase the support for the SPD, given the strong historical ties between unions and the Social Democrats in Germany.

The selection equation includes controls commonly used in the political science literature discussing the participation to politics. We control for the age to take into account the length of exposure to democratic institutions, and for the age squared to control for a possible quadratic relation. Two further controls measure political exposure. First, we include a measure of the temporal distance to the closest election, which allows us to capture the peaks in the identification rate induced by electoral campaigns. Moreover, we use a subjective measure of the individual's interest in politics. We also introduce some measures of social embeddedness, which should lead to a greater participation in politics: marriage, union membership, the frequency to involve in volunteer work or to visit friends and relatives. Finally, we also control for the household pre-tax income as participation to politics is economically costly.

5. Main results

In Table 1 we display results from two Heckman Probit regressions that test the empirical relevance of political divides across two socio-economic dimensions, namely the labour market status and the occupation. In this section, we are primarily interested in the coefficients from the second step of the estimation because they have a straightforward interpretation (columns 1 and 3). They indicate which individual characteristics determine the support for the SPD among West Germans who declare an attachment to a political party. In particular, the analysis of the "Hartz-interacted" terms allows us to assess which socio-economic groups turned away from the SPD as it implemented the Hartz reform.

Additionally, we report the coefficients from the first step of the Heckman Probit estimation for each model (columns 2 and 4). They give us information about the variation in the overall party identification as the reform was implemented. We can infer from these estimates whether competitors from the SPD were also affected by the reform process, i.e. whether the reform caused a general disaffection with all main parties. However, we will remain cautious in their interpretation: it is not obvious that the observed variation can be solely ascribed to the reform political impact, as the other main parties had their own political agenda.

5.1. Political divides across labour market statuses

Model 1 provides a first test of the empirical relevance of the insider-outsider cleavage at the micro-level. Looking at the coefficients from the SPD support equation in column 1, we see that all of our controls have a high significant impact on this support over the period of analysis. In particular, union membership is associated with a positive impact on SPD support. As expected, individuals with a lower household income are also more supportive. Furthermore, Model 1 includes the categorical variable depicting the labour market status and its interaction with the Hartz dummy. The corresponding coefficients should be interpreted as follows: the non-interacted coefficients represent the political discrepancy of each labour market status category relatively to the reference category (permanent full-time job) prior to the Hartz reform; in addition, we can infer from the interacted coefficients how these discrepancies evolved during the reform implementation.

According to our estimates, there is some evidence that the labour market status determines the propensity to support the SPD prior to the reform: individuals in unemployment, part-time and self-employment were significantly less prone to support the SPD than insiders. Looking now at the interaction terms, we do not find evidence of a political response to the reform in line with the insider-outsider politics thesis. The overall effect given by the Hartz dummy is negative and very significant, suggesting that most of our categories, including insiders, were reluctant to the reform. However, coefficients for unemployed and atypically employed fail to achieve significance, being even positive for unemployed: this implies that outsiders were not more inclined than insiders to oppose unemployment insurance retrenchment. Only self-employed individuals exhibit a relative support to the reform, the coefficient for their interaction term being positive and highly significant.

Estimates from the overall party identification equation lead us to moderate some of our previous conclusions (column 2). The negative and significant coefficient on the Hartz dummy suggests that the drop in the SPD support broadly translated into political "abstention" from their former supporters. Focusing on the coefficients for the interaction terms, we see that they are all negative, but only significant for the unemployed and the regular part-time workers. This means that individuals belonging to these two categories were more likely than insiders to lose their party attachment during the reform implementation (whatever this party was). This effect is particularly strong for unemployed people, but as stated above it cannot be ascribed to a larger drop in the SPD support; this implies that competitors from the SPD also lost support from the unemployed in the reform process. Transferring Hirschman's (1970) conceptual framework to our analysis, this effect can be interpreted as an 'exit' option, in opposition to the 'voice' option that consists in picking another party to express one's aversion to the reform. In the case of West German unemployed, we can relate this 'exit' choice to the fact that none of the main parties was likely to go back over the cuts in long-term unemployment benefits.[11] On the contrary, employed individuals might have expected that electoral punishment would eventually bring political parties to reconsider some features of the reform that were the most detrimental to them. These expectations proved to be realistic, as the duration of unemployment insurance benefits was again extended at up to 24 months for older workers by the Grand Coalition government in 2008.

The significant negative effect for workers in regular part-time is puzzling; again, it does not reflect a larger decrease in the SPD support for this category, but we do not believe that it results from the same 'exit' logic as for unemployed either. Finally, we do not find outsiders in atypical employment to differ significantly from insiders in their overall party identification. This further suggests that this category did not have a particularly stronger aversion to the Hartz reform.

[11] Eventually, the left radical party *Die Linke* provided a 'voice' option for unemployed interests. Using the SOEP dataset, Kroh and Siedler (2008, p. 630) show that West-German unemployed have indeed become one of their core constituency.

Table 1 Socio-economic determinants of the support for the Hartz reform: labour market status and occupation

	Model 1				Model 2			
	(1)		(2)		(3)		(4)	
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Hartz dummy	-0.209***	(0.021)	-0.124***	(0.015)	-0.320***	(0.045)	-0.216***	(0.030)
Hartz x Labour market status								
Unemployed	0.082	(0.067)	-0.172***	(0.044)				
Atypical	-0.079	(0.055)	-0.014	(0.038)	-0.062	(0.057)	0.023	(0.039)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.034	(0.046)	-0.103**	(0.031)	-0.033	(0.049)	-0.089**	(0.033)
Self-employed	0.168***	(0.049)	-0.017	(0.036)	0.273***	(0.064)	0.086	(0.044)
Hartz x Occupation								
Unskilled blue-collar					-0.003	(0.069)	0.028	(0.044)
Skilled blue-collar					Ref.		Ref.	
Unskilled white-collar					0.112	(0.070)	-0.004	(0.045)
Skilled white-collar					0.169**	(0.055)	0.130***	(0.038)
Managers/Executives					0.198***	(0.056)	0.160***	(0.041)
Labour market status								
Unemployed	-0.087**	(0.031)	0.113***	(0.022)				
Atypical	-0.051	(0.029)	0.105***	(0.020)	-0.094**	(0.030)	0.122***	(0.021)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.097***	(0.024)	0.056***	(0.017)	-0.141***	(0.025)	0.067***	(0.017)
Self-employed	-0.578***	(0.025)	0.065***	(0.018)	-0.687***	(0.031)	0.142***	(0.022)
Occupation								
Unskilled blue-collar					0.073*	(0.029)	-0.014	(0.019)
Skilled blue-collar					Ref.		Ref.	
Unskilled white-collar					-0.040	(0.031)	0.049*	(0.022)
Skilled white-collar					-0.092***	(0.025)	0.104***	(0.018)
Managers/Executives					-0.249***	(0.027)	0.145***	(0.020)

Table 1 (continued)

	Model 1				Model 2			
	(1)		(2)		(3)		(4)	
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Other socio-economic factors								
Income	-0.002***	(0.000)	0.002***	(0.000)	-0.002***	(0.000)	0.001***	(0.000)
Union membership	0.506***	(0.017)	0.115***	(0.013)	0.469***	(0.018)	0.143***	(0.013)
Demographics								
Age	0.048***	(0.005)	0.026***	(0.003)	0.054***	(0.005)	0.024***	(0.004)
Age squared	-0.050***	(0.006)	-0.014***	(0.004)	-0.057***	(0.006)	-0.012**	(0.004)
Female	0.146***	(0.016)	-0.005	(0.011)	0.164***	(0.017)	-0.026*	(0.012)
Social embeddedness								
Married			0.077***	(0.011)			0.089***	(0.012)
Volunteer work			0.163***	(0.010)			0.150***	(0.011)
Social contacts			0.049***	(0.010)			0.048***	(0.010)
Political exposure								
Interest in politics			0.605***	(0.007)			0.587***	(0.007)
Time to election			-0.042***	(0.007)			-0.048***	(0.007)
Intercept	-1.038***	(0.110)	-2.517***	(0.070)	-1.051***	(0.118)	-2.426***	(0.075)
Rho-statistic	0.114***	(0.027)			0.035	(0.029)		
Log pseudolikelihood	-76026				-70579			
N (N censored)	82016	(41634)			76065	(38278)		

Sample: SOEP, adult West German citizens, active population from the private sector in Model 1, employed in the private sector in Model 2. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

5.2. Political divides across occupations

In Model 2, we introduce the occupational dummies and their interaction with the Hartz dummy, while we still control for the labour market status.[12] There is strong evidence of distinct political preferences across the occupational dimension. Looking at the non-interacted coefficients from the SPD support equation (column 3), we find skilled WC workers and managers/executives to have a lower propensity to support the SPD than skilled BC workers (our reference category here) prior to the reform, whereas unskilled BC workers are associated with a relatively higher support for the SPD. Only unskilled WC workers do not significantly differ from the reference category.

The coefficients for the interaction terms are broadly in line with the literature that defines occupational unemployment rates as a strong determinant of preferences for UI. Indeed, opposition to the reform was bigger among occupations where we expect unemployment risk to be the strongest. They are positive and significant for skilled WC workers and managers/executives, which indicates that they were more favourable to the reform than skilled BC workers. The substantial positive coefficient for the unskilled WC workers could also suggest a smaller aversion to the reform, but it is not significant. Of particular interest, the small and insignificant coefficient for unskilled BC workers indicates that they were equally reluctant to the reform as skilled BC workers.

Hence, better-off workers from the manufacturing sector were not a driving force behind the reform, contrary to claims from the welfare dualisation thesis. As argued earlier, we should indeed expect skilled BC workers to have strong preferences for status-securing UI schemes, because their skills are specific and are likely to suffer from depreciation in case of prolonged unemployment. Because the Hartz reform weakened former status-securing principles of the German UI, it went against core interests of this type of workers, which in turn explains strong electoral backlash from their side.[13] Moreover, the substantive effects of the reform implementation are sizeable. Computing the discrete change in the propensity to support the SPD during that period (among respondents declaring a party inclination), we find this

[12] Unemployed are dropped in Model 2 and subsequent regressions because we do not have information about their occupation.

[13] Note that due to data limitations we cannot directly test the skill specificity index of Cusack *et al.* (2006) in this paper, while it appears to be a potentially important predictor of preferences beside the measure of occupational unemployment rates we use below.

propensity to have dropped by about 12.9 percentage points for unskilled BC workers and 12.6 percentage points for skilled BC workers; by contrast, the drop for unskilled WC workers, skilled WC workers and managers/executives was only of 8.4, 6.2 and 4.9 percentage points respectively.[14] Eventually, the SPD lost its comparative electoral advantage among BC workers' constituencies because of the Hartz reform.

Finally, estimates for the occupational interaction terms from the selection equation (column 4) are comparable to the findings from the SPD support equation.[15] The significant and negative coefficient for the Hartz dummy indicates a general drop in party identification that broadly reflects the impact of the general drop in SPD support. Moreover, this effect is significantly smaller for skilled WC workers and managers/executives; this is consistent with the fact that these occupations were also more likely to maintain their support for the SPD. The coefficient for unskilled BC workers is again not significant, which further suggests that unskilled and skilled BC workers were equally opposed to the reform.

6. Secondary results and robustness checks

In this section, we present estimates from various regressions to check the validity of our main results (Table 2). For presentation purpose, we only display the coefficients for the interaction terms from the SPD support equation, while all these regressions include the same controls as in Model 2.[16]

6.1. Additional explanatory variables

In this paper, we argue that the divergent attitudes toward the Hartz reform between occupations prominently arise because of the differences in occupational unemployment rates.

[14] These substantive effects are computed by applying the Average Marginal Effect rule for discrete variables (see Table A1.3 in Appendix 3). The substantive drop in the support of skilled and unskilled BC workers is also documented in Figure A1.2 (Appendix 6), which depicts descriptive statistics about the yearly evolution of the support for the SPD for each occupation.

[15] The rho statistic becomes insignificant in Model 2, suggesting that the correlation of the error terms in Model 1 was due to the absence of the occupational dummies. While this indicates that there is no imperative need for a bi-variate model once we include these occupational dummies, we stand by this empirical strategy as it might marginally improve the estimates accuracy. All the regressions in this paper were re-estimated using simple Probit models and they always yielded comparable results (see Table A1.5 in Appendix 5 for instance).

[16] The coefficients for the controls remain comparable to the one displayed in Model 2 across all of our regressions (full coefficients are displayed in Tables A1.6 and A1.7 in Appendix 5).

In Model 3, we introduce three variables that could potentially drive our results, while not being consistent with that argument. First, we introduce the interaction of the income with our Hartz dummy to check if the redistributive motive, rather than the insurance motive, determines one's support for the reform (Meltzer and Richard, 1981). Second, we include the interacted union membership dummy. The political discrepancies we observe could indeed be ascribed to different union density levels across occupations, and consequently to different levels of political awareness, in line with arguments from the power-resource literature (Korpi, 1983). Because BC workers are traditionally more unionised, this could explain why they were more reluctant to the reform. Finally, we introduce a variable that captures individual concerns about the state of the economy. One could indeed argue that the decrease in SPD support essentially sanctioned the poor economic performances which were contemporary with the reform implementation. BC workers and unskilled WC workers being presumably more vulnerable to economic downturns, this would explain stronger electoral punishment from their side.

Looking at the results from Model 3, we first do not find that people with a higher income were more likely to support the reform. The coefficient on the union membership variable is lightly significant, but surprisingly it has a positive sign. Hence, this effect goes in the opposite direction to the one predicted by power-resource theories: for a given occupation and labour market status, political withdrawal was higher among non-unionized workers. However, it is questionable whether this result reflects milder opposition from unions' members, or the fact that they were less prone to suddenly turn away from the SPD, given their long-standing mutual ties. Finally, we find that individuals with concerns about the state of the economy were less prone to support the SPD during its second term than those with no concern, this result being very significant for individuals with high concerns. This suggests that part of the drop in the popularity of the SPD can be ascribed to the fact that it was held responsible for the bad economic performances on that period. Nevertheless, differences across occupations remain in Model 3, and we still find BC workers to be more reluctant to the reform after introducing these three variables. Therefore, these differences are not fully exhausted by these alternative explanations.

Table 2 Robustness checks and the impact of occupational unemployment risk.

	Model 3		Model 4		Model 5		Model 6	
DV : SPD support	*Alternative factors*		*Unemployment risk*		*Smaller timespan*		*Household context*	
Hartz dummy	-0.113	(0.106)	0.127	(0.107)	-0.120	(0.111)	-0.073	(0.098)
Hartz x Labour market status								
Atypical	-0.052	(0.057)	-0.023	(0.057)	-0.095	(0.063)	-0.026	(0.073)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.030	(0.049)	0.009	(0.046)	-0.055	(0.053)	-0.101	(0.075)
Self-employed	0.275***	(0.067)			0.233**	(0.073)	0.331***	(0.058)
Hartz x Occupational unemployment risk			-0.040**	(0.013)				
Hartz x Occupation								
Unskilled blue-collar	0.019	(0.070)			0.039	(0.077)	0.122	(0.064)
Skilled blue-collar	Ref.				Ref.		Ref.	
Unskilled white-collar	0.131	(0.071)			0.141	(0.078)	0.097	(0.073)
Skilled white-collar	0.171**	(0.057)			0.153*	(0.062)	0.210***	(0.050)
Managers/Executives	0.178**	(0.059)			0.146*	(0.065)	0.206***	(0.051)
Hartz x Other socio-economic factors								
Income	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)
Union membership	0.110*	(0.044)	0.081	(0.044)	0.088	(0.049)	0.087*	(0.042)
Hartz x Concerns about the economy								
No concerns	Ref.		Ref.		Ref.		Ref.	
Little concerns	-0.213*	(0.086)	-0.207*	(0.086)	-0.214*	(0.089)	-0.226**	(0.082)
High concerns	-0.389***	(0.087)	-0.379***	(0.086)	-0.243**	(0.090)	-0.388***	(0.082)
Rho-statistic	0.030	(0.029)	0.042	(0.028)	0.092*	(0.038)	0.030	(0.027)
Log pseudolikelihood	-70514		-70778		-43568		-81431	
N (N censored)	76065	(38278)	76065	(38278)	47421	(23962)	88122	(44867)

Sample: SOEP, adult West German citizens, employed in the private sector in Models 3, 4 & 5, employed or with a partner employed in the private sector in Model 6. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Only coefficients for the interactions with the Hartz dummy from the SPD support equation are displayed, while all regressions include the same controls as in Model 2 from Table 1. Significance level: *p<0.05, **p<0.01, ***p<0.001.

6.2. Occupational unemployment risk

In Model 4, we directly test the assumption under which occupational unemployment rates is the underlying factor that explains the differences between our occupational groups. For that purpose we infer unemployment risks at the occupational level from our sample.[17] Because unemployed in our dataset do not give information about their occupation, we cannot directly calculate occupational unemployment rates. Hence, we use its longitudinal design to assess occupational unemployment risk. We build our measure as follows. We first calculate the proportion of workers that are unemployed in the next (yearly) interview for each occupational class. We then average it for all years from our sample (1991-2005), because we assume that workers are concerned with the risk of unemployment over the whole business cycle when they evaluate their expected gains from the unemployment insurance (and not only the actual unemployment rate). For more accuracy, and contrary to precedent regressions, we use our occupational classification at its most detailed level and end up with 11 scores of unemployment risk (one for each occupation).[18] We then substitute the occupational groups for this measure (and its interaction) in our regression, while we still control for the three variables introduced in Model 3.

As expected, the measure of unemployment risk index has a high explanatory power in the context of the reform: people belonging to an occupation with higher unemployment prospects were less prone to support the SPD when it implemented the Hartz reform, as indicated by the negative and significant coefficient on the interacted variable. Besides, the estimates of the three control variables are broadly consistent with those from Model 3. Only the coefficient for the interacted union membership dummy gets weaker and eventually loses significance.

[17] See Rehm (2009, 2011) for a similar empirical strategy.

[18] See Table A1.1 in Appendix 1 for the score attached to each occupation. Our results are similar if we use a measure of unemployment risks based on the broader occupational categories (5 categories and the self-employed) used in Model 2. Note that we do not include a self-employed dummy in Model 4 because it is one of the occupational categories our employment risk index is built upon. There are concerns that this low unemployment risk occupational category might alone drive our result. We check that it is not the case by introducing a self-employed dummy (and its interaction) in Model 4: the coefficient for the unemployment risk variable eventually gets smaller, but still remains significant at the 1% level (results available upon request).

6.3. Shorter time span (1998-2005)

Model 5 provides estimates from an equivalent regression as in Model 3, but on a shorter time span. We only use data that covers the two terms of office of the SPD-Green coalition, from September 1998 to September 2005. Thus, we can check whether the observed changes in attitudes toward the SPD really reflect diverging preferences about the Hartz reform itself, and not political trends that were already at work in the first term of the coalition. Our main results are robust when we focus on this shorter time span. Coefficients for atypical and part-time employment remain not significant. While the estimated quantitative effects of the occupational status are comparable with those estimated in Model 3, their degree of uncertainty has increased, likely because they are based on a smaller number of observations; still, the coefficients for skilled WC workers and managers remain significant at the 5% level.

6.4. Cross-household preferences

In a final step, we try to assess possible cross-household preferences for the Hartz reform. As already noticed, taking into account cross-household preferences eventually weakens the insider-outsider argument. This would indicate that an important share of the outsiders behave like insiders, because they give priority to the welfare of their household when they make political choices; more specifically, outsiders with an insider partner would support the Hartz reform because at the household level expected gains offset the reform costs. This point might be particularly relevant in the German context, where there is a strong gender bias in atypical employment, especially in Mini-Jobs, a pattern that perpetuates the traditional breadwinner family model (Bäcker, 2006). In our sample, women indeed represent about 70% of the workers in atypical employment. In addition, we can apply the same line of reasoning for the occupational status. If people tend to vote according to the household's main source of income, then we should expect the occupational status of the "breadwinner" to prevail in political decisions. Again, this can be very relevant in the German context, where occupations strongly differ across gender. For instance, women only represent about 10% of the skilled BC workers, while they represent more than 81% of the unskilled WC workers in our sample. Moreover, most of these women do not hold a permanent full-time position.

The SOEP dataset allows us to examine this point more deeply, because all household members are being interviewed in every wave. We can therefore use this information to build

new categories that take into account the partner position (Model 6). Regarding the labour market status, individuals are now classified as permanent full-time employed if at least one of the spouses holds a full-time open-ended contract. Similarly, they are classified as self-employed if at least one of the spouses is in full-time self-employment. Those who do not meet these requirements (because they do not have a partner or because their partner is not in a full-time position) are still classified according to their individual labour market status. Regarding the occupational status, individuals without a permanent full-time position are now classified according to the occupation of their partner if he or she holds a permanent full-time position; otherwise, they remain classified with their own occupation.

The estimates from Model 6 support our main results. The insider-outsider divide stays irrelevant to explain attitudes toward the reform, even after we control for household context; the atypical employment coefficient remains insignificant for individuals without an insider partner. Conversely, differences attached to the occupational status remain. In particular, skilled BC workers (and their spouses when they economically depended on them) were particularly reluctant to the reform, compared with individuals from households where the main source of income is provided by a skilled WC worker or a manager/executive. These differences are even sharper, as the coefficients on skilled WC workers and managers/executives turn now to be significant at the 0.1% level. Moreover, the coefficients for unskilled BC and unskilled WC workers are now positive (while not significant), suggesting that skilled BC workers were at least equally reluctant to the reform. Again, this speaks against the idea that the Hartz reform implemented an "insider-friendly" set of unemployment policies.

7. Conclusion

In this paper, we have found little evidence that the Hartz reform was driven by an insider-outsider political cleavage. If some results potentially suggest that unemployed were relatively more reluctant to the reform, this was clearly not the case for atypically employed: we do not find significant differences in the behaviour of this group in any of our regressions, even when they do not depend financially on an insider partner. Moreover, we find political divides among different occupational groups to be much more relevant in the context of the Hartz reform. For instance, strong evidence indicates that the Social Democratic Party in power lost significant support among BC workers, and in particular skilled BC workers, when

it implemented the reform. Again, this result is at odds with claims of an insider-outsider cleavage: insiders from the manufacturing sector do not appear to have been pushing for the reform. However, it is in line with the literature that emphasizes the role of unemployment risks associated with one's occupation in shaping political preferences for unemployment insurance. Using a measure of occupational unemployment risk, we actually find that this risk is likely to underlie this result.

Hence, this paper contributes to the debate on the dynamics of European welfare state retrenchment. In the German case, it shows that the SPD implemented the reform in spite, and not because, of the direct interests of their traditional constituencies: this implied electoral backlash from a large share of the labour force, and not only from labour market outsiders in atypical employment. The Hartz reform thus appears as an important break in the German post-war social pact, which can be traced back to the more general liberalisation process experienced by Germany in the last two decades (Streeck, 2009). To conclude, we would like to discuss the reach of our conclusions. One could argue that the Hartz reform figures as an exception, and we cannot rule out that the insider-outsider cleavage is relevant to explain recent UI reforms in other countries. Indeed, we want to acknowledge that the Hartz reform presents singular features, because it was implemented under great political and fiscal stress and also because it was part of a strategic programmatic shift led by SPD party leaders. It entailed substantial cuts in and recalibration of benefits and can therefore be considered as the most comprehensive and drastic UI reform undertaken in Europe in recent years. Still, we believe that some of our results have general implications. In particular, this paper has shown that labour market insiders may also have strong preferences for generous unemployment benefits, despite the legal protections associated with their status. Moreover, the Hartz reform teaches us that the scope of UI reforms that efficiently isolate insiders from major downside effects is limited, because insiders and outsiders have common interests in long-term status-securing income support schemes and because these vested interests cannot be easily disentangled.

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Appendix 1: Data and measures

Data: in our empirical analysis, we use the SOEP dataset. Information on data and variables is available from the Deutsche Institut für Wirtschaftsforschung (DIW Berlin) website. We define West Germans as individuals with German citizenship and currently living in West Germany (old *Bundesländer*). In Model 1, the 82,016 observations corresponds to 15,603 distinct individuals; the number of observations per individual ranges from 1 to 15, with a median of 4 observations per individual.

Occupation: we use self-reported information to build our 6 occupational categories. The 11 occupational groups it is based upon are given in the table below, which also depicts the score of unemployment risk we use in Model 4. The 'unskilled BC worker' category includes untrained and trained (on-the-job) BC workers. Likewise, the 'unskilled WC worker' category includes untrained and trained (on-the-job) WC workers. The 'skilled BC worker' category includes skilled BC workers (*Facharbeiter*), foremen and master craftsmen, where all these occupations necessitate qualification or vocational training. The 'skilled BC worker' category corresponds to qualified professionals (e.g. executive officer, bookkeeper, technical draftsman). The 'manager/executive' category corresponds to highly qualified professionals (e.g. scientist, attorney, head of department) and workers in managerial positions. Finally, the 'self-employed' category also includes family members working for the self-employed. Note that the broad division between BC workers, WC workers and self-employed corresponds to actual administrative categories, which pertained to distinct social protection regimes (mostly pensions) until recently.

Table A1.1 Unemployment risk by occupational group

Occupational group	**Unemployment risk**
Unqualified blue-collar worker	7.13%
Trained blue-collar worker	5.24%
Skilled blue-collar worker	3.79%
Foreman	2.18%
Master Craftsman	3.44%
Unqualified white-collar worker	4.67%
Trained white-collar worker	2.93%
Qualified professional	2.08%
Highly qualified professional/Executive	1.61%
Manager	1.66%
Self-employed	1.02%

Income: the measure corresponds to the household pre-tax income, deflated by the German consumer prices index provided by national accounts (Destatis) and square-root transformed.

Social embeddedness: married individuals also include those who declare a life partner, while not being married. Other questions on social embeddedness depict the frequency to engage in social activities. Respondents are being asked: '*How frequently do you engage in the following activities?*

- *volunteer work in clubs, associations, or social services.*
- *visit with friends, relatives, or neighbors.*'

Answers range from '*never*' to '*weekly*'. As the category '*never*' is overrepresented in the answers, we instead use dummy variables in our regressions that take the value zero if the respondent answered '*never*', and one otherwise.

Political exposure: the individual's interest in politics is measured by the following question: '*How interested are you in politics?*' The four possible answers range from '*not interested*' to '*very interested*', where we assign the maximum value to the latter. Finally, the temporal distance from an election is measured in months and has been log-transformed in order to give more weight to the periods very close to Federal Elections.

Appendix 2: Descriptive statistics

Table A1.2 Mean and standard deviation of variables

	Full sample		Men	Women
	Mean	*St. deviation*	*Mean*	*Mean*
Dependent variables				
Overall support	0.492	(0.500)	0.533	0.444
SPD support	0.214	(0.410)	0.224	0.202
Labour market status				
Unemployment	0.073	(0.259)	0.069	0.077
Atypical	0.086	(0.280)	0.046	0.132
Permanent full-time	0.585	(0.493)	0.741	0.400
Regular part-time	0.151	(0.358)	0.014	0.314
Self-employed	0.106	(0.308)	0.130	0.078
Occupational risk	2.874	(1.561)	2.754	3.017
Occupation				
Unskilled blue-collar	0.140	(0.347)	0.124	0.160
Skilled blue-collar	0.164	(0.370)	0.270	0.037
Unskilled white-collar	0.118	(0.323)	0.041	0.210
Skilled white-collar	0.250	(0.433)	0.158	0.359
Managers/Executives	0.150	(0.357)	0.209	0.079
Other socio-economic factors				
Income (square root)	169.120	(59.806)	171.334	166.494
Union membership	0.171	(0.377)	0.222	0.111
Concerns about the economy				
No concerns	0.086	(0.280)	0.092	0.078
Little concerns	0.543	(0.498)	0.536	0.552
High concerns	0.371	(0.483)	0.372	0.370
Demographics				
Age	41.162	(10.797)	41.496	40.765
Female	0.458	(0.498)	0.000	1.000
Social embeddedness				
Married	0.754	(0.431)	0.770	0.735
Volunteer work	0.303	(0.459)	0.332	0.268
Social contacts	0.423	(0.494)	0.407	0.442
Political exposure				
Interest in politics	2.288	(0.773)	2.455	2.091
Time to election	2.219	(0.673)	2.219	2.218

Appendix 3: Marginal effect of the Hartz reform on the SPD support

Table A1.3 Average marginal effects for occupations

Variation in the support for the SPD by occupation		
Full population	-0.078***	(0.006)
Unskilled blue-collar workers	-0.129***	(0.020)
Skilled blue-collar workers	-0.126***	(0.017)
Unskilled white-collar workers	-0.084***	(0.020)
Skilled white-collar workers	-0.062***	(0.011)
Managers/Executives	-0.049***	(0.012)
Self-employed	-0.012	(0.014)

Appendix 4: Marginal effects of the interaction terms, corrected for non-linearity

Table A1.4 Marginal effects and standard errors reassessed according to Ai and Norton (2003)

	Model 3		Model 4	
	Alternative factors		*Unemployment risk*	
Hartz x Labour market status				
Atypical	-0.017	(0.057)	-0.007	(0.021)
Permanent full-time	Ref.		Ref.	
Regular part-time	-0.008	(0.637)	0.005	(0.017)
Self-employed	0.108***	(0.023)		
Hartz x Occupational unemployment risk			-0.016**	(0.005)
Hartz x Occupation				
Unskilled blue-collar	0.006	(0.026)		
Skilled blue-collar	Ref.			
Unskilled white-collar	0.050	(0.027)		
Skilled white-collar	0.065**	(0.021)		
Managers/Executives	0.070**	(0.022)		
Hartz x Other socio-economic factors				
Income	0.000	(0.000)	0.000	(0.000)
Union	0.041*	(0.017)	0.030	(0.017)
Hartz x Concerns about the economy				
No concerns	Ref.		Ref.	
Little concerns	-0.080*	(0.033)	-0.078*	(0.033)
High concerns	-0.143***	(0.033)	-0.140***	(0.033)

Sample: SOEP, adult West German citizens, employed in the private sector. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

Appendix 5: Additional tables

Table A1.5 Support for the Hartz reform, simple Profit model and cumulated support for both parties in power

	Simple Probit		Coalition support (Model 3)			
Dependent variables	SPD support		SPD+Green support		Party identification	
Hartz dummy	-0.103	(0.106)	-0.038	(0.107)	-0.423***	(0.073)
Hartz x Labour market status						
Atypical	-0.047	(0.057)	0.045	(0.057)	0.031	(0.040)
Permanent full-time	Ref.		Ref.		Ref.	
Regular part-time	-0.027	(0.049)	0.119*	(0.049)	-0.089**	(0.034)
Self-employed	0.269***	(0.067)	0.384***	(0.065)	0.029	(0.046)
Hartz x Occupation						
Unskilled blue-collar	0.015	(0.070)	-0.000	(0.071)	0.034	(0.045)
Skilled blue-collar	Ref.		Ref.		Ref.	
Unskilled white-collar	0.126	(0.071)	0.113	(0.072)	-0.023	(0.046)
Skilled white-collar	0.165**	(0.057)	0.173**	(0.057)	0.092*	(0.039)
Managers/Executives	0.173**	(0.059)	0.288***	(0.059)	0.096*	(0.043)
Hartz x Other socio-economic factors						
Income	0.000	(0.000)	0.000	(0.000)	0.001***	(0.000)
Union	0.110*	(0.044)	0.116*	(0.046)	-0.084*	(0.033)
Hartz x Concerns about the economy						
No concerns	Ref.		Ref.		Ref.	
Little concerns	-0.217*	(0.086)	-0.155	(0.087)	0.140*	(0.059)
High concerns	-0.391***	(0.087)	-0.421***	(0.087)	0.099	(0.059)
Labour market status						
Atypical	-0.103***	(0.030)	0.021	(0.030)	0.119***	(0.021)
Permanent full-time	Ref.		Ref.		Ref.	
Regular part-time	-0.148***	(0.025)	-0.060*	(0.025)	0.065***	(0.017)
Self-employed	-0.697***	(0.030)	-0.432***	(0.030)	0.151***	(0.022)
Occupation						
Unskilled blue-collar	0.072*	(0.029)	0.039	(0.029)	-0.015	(0.019)
Skilled blue-collar	Ref.		Ref.		Ref.	
Unskilled white-collar	-0.044	(0.031)	-0.031	(0.032)	0.053*	(0.022)
Skilled white-collar	-0.097***	(0.025)	0.041	(0.025)	0.111***	(0.018)
Managers/Executives	-0.254***	(0.026)	-0.009	(0.027)	0.155***	(0.020)

Table A1.5 (continued)

	Simple Probit		Coalition support (Model 3)			
Dependent variables	SPD support		SPD+Green support		Party identification	
Other socio-economic factors						
Income	-0.002***	(0.000)	-0.002***	(0.000)	0.001***	(0.000)
Union membership	0.445***	(0.020)	0.519***	(0.021)	0.162***	(0.015)
Concerns about the economy						
No concerns	Ref.		Ref.		Ref.	
Little concerns	0.040	(0.026)	-0.058*	(0.026)	-0.024	(0.019)
High concerns	0.021	(0.027)	-0.141***	(0.027)	-0.073***	(0.020)
Demographics						
Age	0.054***	(0.005)	0.073***	(0.005)	0.025***	(0.004)
Age squared	-0.057***	(0.006)	-0.091***	(0.006)	-0.013**	(0.004)
Female	0.169***	(0.017)	0.253***	(0.017)	-0.025*	(0.012)
Social embeddedness						
Married					0.086***	(0.012)
Volunteer work					0.140***	(0.011)
Social contacts					0.047***	(0.010)
Political exposure						
Interest in politics					0.592***	(0.007)
Time to election					-0.049***	(0.007)
Intercept	-1.010***	(0.110)	-0.885***	(0.119)	-2.373***	(0.077)
Rho-statistic			-0.149***	(0.029)		
Log pseudolikelihood	-24383		-70818			
N (N censored)	37819		76065	(38278)		

Sample: SOEP, adult West German citizens, employed in the private sector. Notes: adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

Table A1.6 Models 3 and 4 from Table 1.2, full coefficients

	Model 3				Model 4			
	Alternative factors				*Unemployment risk*			
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Hartz dummy	-0.113	(0.106)	-0.420***	(0.073)	0.127	(0.107)	-0.342***	(0.077)
Hartz x Labour market status								
Atypical	-0.052	(0.057)	0.029	(0.040)	-0.023	(0.057)	0.035	(0.039)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.030	(0.049)	-0.090**	(0.034)	0.009	(0.046)	-0.084**	(0.032)
Self-employed	0.275***	(0.067)	0.029	(0.046)				
Hartz x Occupational unemployment risk					-0.040**	(0.013)	-0.016	(0.009)
Hartz x Occupation								
Unskilled blue-collar	0.019	(0.070)	0.035	(0.045)				
Skilled blue-collar	Ref.		Ref.					
Unskilled white-collar	0.131	(0.071)	-0.023	(0.046)				
Skilled white-collar	0.171**	(0.057)	0.092*	(0.039)				
Managers/Executives	0.178**	(0.059)	0.096*	(0.043)				
Hartz x Other socio-economic factors								
Income	0.000	(0.000)	0.001***	(0.000)	0.000	(0.000)	0.001***	(0.000)
Union membership	0.110*	(0.044)	-0.085*	(0.033)	0.081	(0.044)	-0.082*	(0.032)
Hartz x Concerns about the economy								
No concerns	Ref.		Ref.		Ref.		Ref.	
Little concerns	-0.213*	(0.086)	0.139*	(0.059)	-0.207*	(0.086)	0.140*	(0.059)
High concerns	-0.389***	(0.087)	0.097	(0.059)	-0.379***	(0.086)	0.098	(0.059)
Labour market status								
Atypical	-0.100***	(0.030)	0.119***	(0.021)	-0.085**	(0.030)	0.130***	(0.021)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.146***	(0.025)	0.065***	(0.017)	-0.087***	(0.024)	0.069***	(0.017)
Self-employed	-0.692***	(0.031)	0.152***	(0.022)				
Occupational unemployment risk					0.100***	(0.006)	-0.036***	(0.004)

Table A1.6 (continued)

Dependent variables	SPD support		Party identification		SPD support		Party identification	
Occupation								
Unskilled blue-collar	0.070*	(0.029)	-0.015	(0.019)				
Skilled blue-collar	Ref.		Ref.					
Unskilled white-collar	-0.044	(0.031)	0.053*	(0.022)				
Skilled white-collar	-0.094***	(0.025)	0.111***	(0.018)				
Managers/Executives	-0.249***	(0.027)	0.155***	(0.020)				
Other socio-economic factors								
Income	-0.002***	(0.000)	0.001***	(0.000)	-0.002***	(0.000)	0.001***	(0.000)
Union membership	0.448***	(0.020)	0.163***	(0.015)	0.514***	(0.019)	0.150***	(0.014)
Concerns about the economy								
No concerns	Ref.		Ref.		Ref.		Ref.	
Little concerns	0.038	(0.026)	-0.024	(0.019)	0.047	(0.026)	-0.028	(0.019)
High concerns	0.019	(0.027)	-0.074***	(0.020)	0.025	(0.027)	-0.079***	(0.020)
Demographics								
Age	0.054***	(0.005)	0.025***	(0.004)	0.051***	(0.005)	0.026***	(0.004)
Age squared	-0.058***	(0.006)	-0.013**	(0.004)	-0.056***	(0.006)	-0.014***	(0.004)
Female	0.165***	(0.017)	-0.024	(0.012)	0.169***	(0.016)	-0.012	(0.011)
Social embeddedness								
Married			0.091***	(0.012)			0.087***	(0.012)
Volunteer work			0.150***	(0.011)			0.149***	(0.011)
Social contacts			0.047***	(0.010)			0.048***	(0.010)
Political exposure								
Interest in politics			0.591***	(0.007)			0.595***	(0.007)
Time to election			-0.050***	(0.007)			-0.049***	(0.007)
Intercept	-1.055***	(0.120)	-2.369***	(0.077)	-1.417***	(0.119)	-2.245***	(0.080)
Rho-statistic	0.030	(0.029)			0.042	(0.028)		
Log pseudolikelihood	-70514				-70778			
N (N censored)	76065	(38278)			76065	(38278)		

Sample: SOEP, adult West German citizens, employed in the private sector. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

Table A1.7 Models 5 and 6 from Table 1.2, full coefficients

	Model 5				Model 6			
	Smaller timespan				*Household context*			
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Hartz dummy	-0.120	(0.111)	-0.320***	(0.078)	-0.073	(0.098)	-0.501***	(0.067)
Hartz x Labour market status								
Atypical	-0.095	(0.063)	0.027	(0.043)	-0.026	(0.073)	0.057	(0.050)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.055	(0.053)	-0.065	(0.037)	-0.101	(0.075)	0.012	(0.051)
Self-employed	0.233**	(0.073)	0.000	(0.051)	0.331***	(0.058)	0.060	(0.040)
Hartz x Occupation								
Unskilled blue-collar	0.039	(0.077)	0.045	(0.049)	0.122	(0.064)	0.063	(0.041)
Skilled blue-collar	Ref.		Ref.		Ref.		Ref.	
Unskilled white-collar	0.141	(0.078)	-0.000	(0.050)	0.097	(0.073)	-0.006	(0.045)
Skilled white-collar	0.153*	(0.062)	0.074	(0.042)	0.210***	(0.050)	0.103**	(0.034)
Managers/Executives	0.146*	(0.065)	0.071	(0.047)	0.206***	(0.051)	0.118**	(0.036)
Hartz x Other socio-economic factors								
Income	0.000	(0.000)	0.001*	(0.000)	0.000	(0.000)	0.001***	(0.000)
Union membership	0.088	(0.049)	-0.085*	(0.036)	0.087*	(0.042)	-0.078*	(0.031)
Hartz x Concerns about the economy								
No concerns	Ref.		Ref.		Ref.		Ref.	
Little concerns	-0.214*	(0.089)	0.135*	(0.061)	-0.226**	(0.082)	0.166**	(0.055)
High concerns	-0.243**	(0.090)	0.079	(0.062)	-0.388***	(0.082)	0.134*	(0.055)
Labour market status								
Atypical	-0.035	(0.039)	0.107***	(0.027)	-0.112**	(0.038)	0.119***	(0.027)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.114***	(0.034)	0.042	(0.024)	-0.165***	(0.036)	0.104***	(0.025)
Self-employed	-0.644***	(0.044)	0.185***	(0.031)	-0.726***	(0.027)	0.110***	(0.019)

Table A1.7 (continued)

Dependent variables	SPD support		Party identification		SPD support		Party identification	
Occupation								
Unskilled blue-collar	0.046	(0.043)	-0.023	(0.028)	0.034	(0.026)	-0.016	(0.017)
Skilled blue-collar	Ref.		Ref.		Ref.		Ref.	
Unskilled white-collar	-0.042	(0.045)	0.020	(0.031)	-0.055	(0.031)	0.006	(0.021)
Skilled white-collar	-0.053	(0.036)	0.120***	(0.025)	-0.139***	(0.021)	0.079***	(0.015)
Managers/Executives	-0.205***	(0.038)	0.184***	(0.028)	-0.278***	(0.023)	0.137***	(0.017)
Other socio-economic factors								
Income	-0.002***	(0.000)	0.001***	(0.000)	-0.001***	(0.000)	0.001***	(0.000)
Union membership	0.465***	(0.029)	0.170***	(0.021)	0.465***	(0.019)	0.161***	(0.014)
Concerns about the economy								
No concerns	Ref.		Ref.		Ref.		Ref.	
Little concerns	0.042	(0.033)	-0.018	(0.024)	0.047	(0.024)	-0.027	(0.017)
High concerns	-0.128***	(0.037)	-0.051	(0.027)	0.034	(0.026)	-0.079***	(0.018)
Demographics								
Age	0.061***	(0.007)	0.009	(0.005)	0.049***	(0.005)	0.023***	(0.003)
Age squared	-0.062***	(0.008)	0.004	(0.005)	-0.053***	(0.005)	-0.012**	(0.004)
Female	0.125***	(0.022)	-0.005	(0.016)	0.135***	(0.013)	-0.004	(0.010)
Social embeddedness								
Married			0.091***	(0.015)			0.107***	(0.012)
Volunteer work			0.146***	(0.014)			0.133***	(0.010)
Social contacts			0.050***	(0.013)			0.050***	(0.009)
Political exposure								
Interest in politics			0.598***	(0.009)			0.596***	(0.007)
Time to election			-0.031**	(0.010)			-0.050***	(0.007)
Intercept	-1.323***	(0.156)	-2.177***	(0.103)	-0.964***	(0.111)	-2.337***	(0.072)
Rho-statistic	0.092*	(0.038)			0.030	(0.027)		
Log pseudolikelihood	-43568				-81431			
N (N censored)	47421	(23962)			88122	(44867)		

Sample: SOEP, adult West German citizens, employed in the private sector in Model 5, employed or with a partner employed in the private sector in Model 6. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

Table A1.8 Socio-economic determinants of the support for the Hartz reform, East Germany

	Model 1 East				Model 2 East			
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Hartz dummy	-0.194***	(0.045)	-0.081**	(0.026)	-0.256**	(0.081)	-0.144***	(0.044)
Hartz x Labour market status								
Unemployed	-0.292**	(0.102)	-0.145**	(0.053)				
Atypical	-0.032	(0.127)	-0.141*	(0.069)	-0.031	(0.130)	-0.132	(0.071)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	-0.073	(0.116)	-0.128	(0.066)	-0.082	(0.120)	-0.108	(0.068)
Self-employed	0.108	(0.117)	0.055	(0.066)	0.165	(0.135)	0.122	(0.074)
Hartz x Occupation								
Unskilled blue-collar					0.039	(0.161)	0.086	(0.081)
Skilled blue-collar					Ref.		Ref.	
Unskilled white-collar					0.093	(0.147)	-0.036	(0.077)
Skilled white-collar					0.089	(0.111)	0.050	(0.062)
Managers/Executives					0.116	(0.106)	0.160*	(0.065)
Labour market status								
Unemployed	-0.029	(0.041)	0.015	(0.024)				
Atypical	-0.067	(0.053)	-0.003	(0.031)	-0.051	(0.054)	0.026	(0.032)
Permanent full-time	Ref.		Ref.		Ref.		Ref.	
Regular part-time	0.019	(0.052)	0.097**	(0.031)	0.029	(0.053)	0.103**	(0.032)
Self-employed	-0.590***	(0.055)	0.095**	(0.031)	-0.663***	(0.060)	0.092**	(0.034)
Occupation								
Unskilled blue-collar					-0.110	(0.059)	-0.147***	(0.032)
Skilled blue-collar					Ref.		Ref.	
Unskilled white-collar					-0.092	(0.056)	-0.014	(0.032)
Skilled white-collar					-0.053	(0.046)	-0.013	(0.027)
Managers/Executives					-0.156***	(0.046)	0.070*	(0.030)

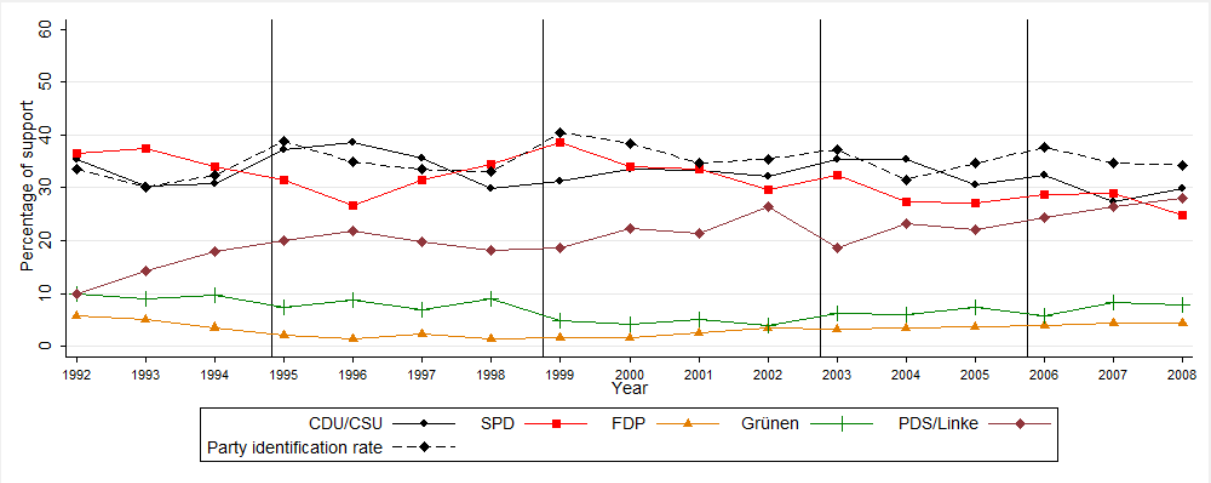
Table A1.8 (continued)

	Model 1 East				Model 2 East			
Dependent variables	SPD support		Party identification		SPD support		Party identification	
Other socio-economic factors								
Income	-0.001**	(0.000)	0.001***	(0.000)	-0.001	(0.000)	0.001***	(0.000)
Union membership	0.240***	(0.028)	0.027	(0.017)	0.244***	(0.031)	0.016	(0.019)
Demographics								
Age	-0.004	(0.009)	-0.003	(0.005)	-0.014	(0.010)	0.003	(0.006)
Age squared	0.017	(0.011)	0.016*	(0.006)	0.028*	(0.012)	0.008	(0.007)
Female	-0.005	(0.027)	-0.018	(0.015)	-0.002	(0.033)	-0.004	(0.019)
Social embeddedness								
Married			0.042*	(0.020)			0.046*	(0.022)
Volunteer work			0.153***	(0.017)			0.134***	(0.019)
Social contacts			0.099***	(0.018)			0.094***	(0.020)
Political exposure								
Interest in politics			0.619***	(0.011)			0.598***	(0.012)
Time to election			-0.061***	(0.012)			-0.066***	(0.013)
Intercept	-0.598**	(0.203)	-2.156***	(0.115)	-1.051***	(0.118)	-2.426***	(0.075)
Rho-statistic	0.052	(0.042)			0.001	(0.050)		
Log pseudolikelihood	-27131				-22345			
N (N censored)	36343	(24576)			29443	(19621)		

Sample: SOEP, adult East German citizens, active population from the private sector in Model 1, employed in the private sector in Model 2. Notes: Heckman Probit Selection Model, adjusted robust standard errors in parentheses. Significance level: *p<0.05, **p<0.01, ***p<0.001.

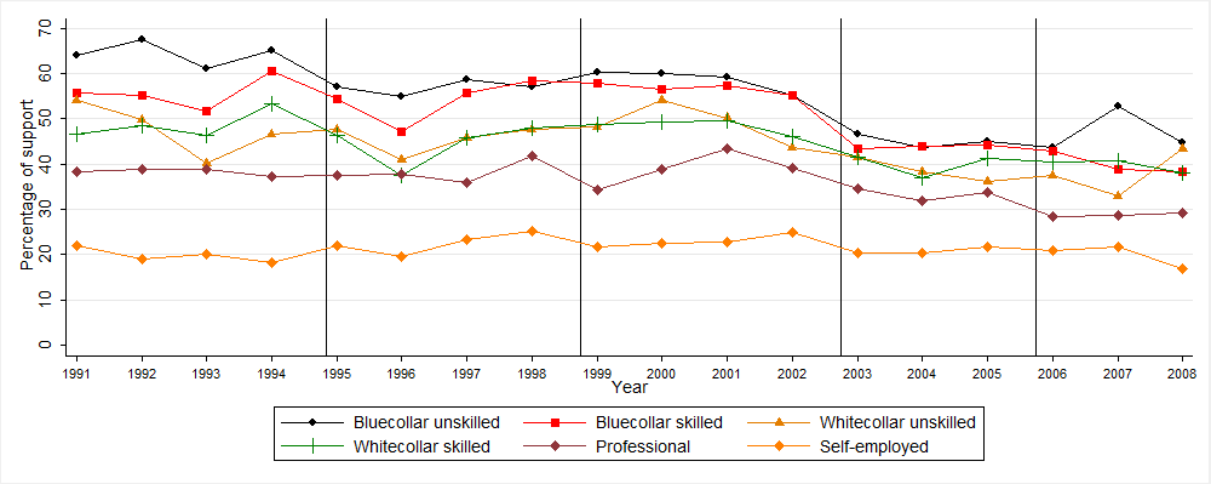
Appendix 6: Additional figures

Figure A1.1 Evolution of the support to the main political parties in East Germany (1992-2008)



Sample: SOEP, East German citizens, adult population. Author's calculations.

Figure A1.2 Evolution of the support to the SPD by occupations (1992-2008)



Sample: SOEP, West German citizens, employed population in the private sector. Author's calculations.